



CALIFORNIA DEPARTMENT OF
FOOD & AGRICULTURE

A. G. Kawamura, Secretary

August 29, 2008

F2008-05

TO: All Fair CEOs

SUBJECT: 2009 Annual Budget

We are pleased to present the 2009 Budget package for calendar year reporting fairs. This year we have changed amounts for flex capital funding and added property insurance program. Please refer to the enclosed "Changes to Budget Package for 2009" for complete details. New ratings for 2009 will be communicated to all fairs by end of September 2008.

Each fair's five-year financial trend report as well as key reference pages from last year's approved budget and statement of operations on file with the Division of Fairs and Expositions (F&E) continue to be included with your package for convenience purposes. Your effort to ensure prior year numbers are adequately transferred to your 2009 proposal will help F&E expedite its budget review processing time significantly. Therefore, we please ask for your cooperation in ensuring this simple, yet important, task is achieved.

All necessary budget forms and worksheets will be available on September 3, 2008 for immediate download on the Division's website at www.cdfa.ca.gov/fe. Alternatively, electronic forms and worksheets are available on diskette upon request by calling our main telephone line at (916) 263-2955.

The budget submittal deadline is as follows:

October 20, 2008 - Fairs ending prior to July 1st

November 20, 2008 – Fairs ending between July 1st and December 31st

Local base allocations will continue to be disbursed in installments based upon budget approval and statement of operation submittal. The first portion of your allocation may be disbursed as early as November 2008, depending on budget approval date and available cash flow. The remainder of your allocation will be paid in installments prior to June 30, 2009.



Of course, we always welcome any suggestions on improving the annual budget process in the future. Thank you in advance for your cooperation and timely completion of your budget proposals. Your efforts to prepare a complete and accurate budget will directly impact our ability to review and approve your proposals in the shortest time possible.

If you have any questions regarding this package, please contact Raman Bola at 916-263-0348, or email at rbola@cdfa.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bruce Lim", with a long horizontal flourish extending to the right.

Bruce Lim, Assistant Director
Division of Fairs & Expositions

Enclosures

CALIFORNIA DEPARTMENT OF FOOD & AGRICULTURE

DIVISION OF FAIRS & EXPOSITIONS

2009 ANNUAL BUDGET

CONTENTS

Enclosed Documents

- Financial trend report for the Fair.
- Copy of key pages from Fair's prior year STOP and approved operating budget.
- Changes to Budget Package
- 2009 Annual Budget Preparation Guide
- Budget Review Check Sheet
- Check List of items due by budget submittal deadline.

Forms & Worksheets Available via the Internet **at www.cdfa.ca.gov/fe**

- Budget Forms (Microsoft Excel)
- Budget Worksheets (Microsoft Excel)
- Budget Variance Explanation (Microsoft Word)

Division of Fairs & Expositions 2009 ANNUAL BUDGET

Changes to Budget Package

New for 2009!

1. Flex Capital

Flex Capital base amount is reduced from \$28,000 last year to \$25,000 in 2009. In addition, the bonus incentives added to the Flex Capital base amount last year is reduced from \$7,000 to \$5,000 in 2009.

Class I – IV: \$25,000 base amount; \$5,000 maximum bonus incentive for acceptable performance ratings as follows:

- Fairs with “A” ratings will receive the base amount and full \$5,000 bonus incentive (\$30,000 total).
- Fairs with “B” ratings will receive the base amount and \$2,500 bonus incentive (\$27,500 total).
- Fairs with “C” ratings will not receive any portion of the \$30,000 combined flex capital allocation.

Class V-VII: None

Fairs with limited facilities (48th and 51st DAA): \$15,000 base amount; \$5,000 bonus incentive for “A” rating and \$2,500 bonus incentive for “B” rating.

Fair with no facilities (52nd DAA): \$5,000 base amount; \$5,000 bonus incentive for “A” rating and \$2,500 bonus incentive for “B” rating.

Note that an overall decrease in license fee revenue levels has forced F&E to decrease the base amount for Flex Capital from \$28,000 last year to \$25,000 in 2009.

In addition, due to the uncertainty of funding levels in 2009, **F&E recommends that that fairs do not budget for Flex Capital funding in 2009.** While we are cautiously optimistic that Flex Capital funding allocations will be made in 2009, the funding level uncertainty is forcing F&E to recommend a very conservative budgeting approach for Flex Capital in 2009. With this in mind, **F&E requests that fairs show a “break even” profit margin at the minimum in 2009 before depreciation, but excluding the fairs’ expected Flex Capital funding allocation.**

Also, in response to feedback received by the California Fair Alliance Board, there will be no spending restrictions on flex capital funding in 2009.

2. Property Insurance

Due to the increasing costs of excess insurance coverage from the commercial market and unusually high losses in the past several years, F&E is modifying its funding methodology for property insurance in 2009.

While a fixed contribution to the property pool will continue to be allocated annually, participating fairs will now be required to cover its fair share of the costs beginning in 2009. This fair share will include premium payments based on the fairs' individual property values and the fair's chosen deductible level. F&E's annual fixed contribution to the pool will be allocated towards the purchase of an excess insurance policy and fairs will share the cost of the difference between F&E's contribution and the actual cost of the policy. Fairs will not be required to participate in F&E's Property Protection Program. However, if a fair chooses this route, it will be required to show proof of insurance equal to the Property Protection Program coverage to CFSA for their review and approval. The revised program policy was discussed in detail with California Fairs who provided their input and support for the change in program direction.

Please contact CFSA for your fair's expected premium charges, which are required to be budgeted for in 2009.

California Department of Food & Agriculture
Division of Fairs & Expositions
2009 ANNUAL BUDGET

Preparation Guide

This guide is designed to assist fairs with the preparation of their 2009 budget. All budgets must be submitted in accordance with the policies in these instructions.

The Importance of Budgeting

The budget is a vital management tool that should be utilized to:

- Plan and progress towards the goals and objectives of the fairs;
- Facilitate communication between management and the Board of Directors regarding the fiscal direction of the fairs;
- Control activities; and
- Measure and evaluate the financial performance of the fairs.

Budgeting forces the organization each year to step back from the day-to-day management of the operations and to think more strategically, to think longer-term and to plan. New data about future trends may also be revealed during the budget process when the organization analyzes external data such as local demographics, which can be important when preparing each year's budget.

Budgeting also requires members in different parts of the organization to coordinate their activities and communicate with one another. Budgeting is designed to give management an indication of the actions they are supposed to be taking and to motivate management and employees to take those actions. The budget should act as a basis for controlling activities. For example, by looking at the significant variances of actual performance against budget, management can take the necessary actions to ensure positive variances continue or negative variances are mitigated. Because comparisons of actual results with the annual budget are important, budgetary comparisons are a required element of fair budget submittals.

F&E's Budget Philosophy

The Division of Fairs and Expositions' (F&E) budget philosophy can be summarized as follows:

- Annual budget proposals should be realistic, achievable and consistent with the fair's strategic plan. Without these characteristics, the effectiveness of the budget as a management tool is diminished.
- Budget should reflect a net profit or, at worst, "break even" at year-end. State allocation is included when calculating total revenues.

- While there are wide variations of acceptable planning philosophies, F&E recommends historical trend budgets.
- Significant variances of actual performance against budget should have reasonable explanations.
- Current-year projections and the degree of growth contained within the annual budget proposal should be realistic and reasonable based on past financial trends and performance (*historical trend budgeting*).
- Since a state-wide contingency fund does not exist to finance unforeseen liabilities at fairs, maintaining a reserve balance of 10% to 15% of the fairs' prior year actual expenditures is recommended, *but not required*.

Budget Copies

Submit one (1) original, signed budget and one (1) copy to F&E.

County Signatures (NON-DAA's ONLY)

- F&E suggests that County Fairs (Non-DAA's) acquire County signatures after the budget has been approved by the Division of Fairs and Expositions in order to eliminate the extra time used in acquiring another signature if budget modifications are required by F&E.
- Note that this is only a suggestion. Fairs that wish to obtain County Board of Supervisor approval prior to submittal to F&E may do so. However, re-submittal to the County may be necessary if F&E modifications are significant.

If multiple copies of the approved budget are required for County submittal, please inform F&E of this need in the Fair's transmittal letter.

Deadline

The budget submittal deadline is as follows:

October 20, 2008 - Fairs ending prior to July 1st

November 20, 2008 - Fairs ending between July 1st and December 31st

For F&E to process your budget in a timely manner it must be **complete** and **postmarked no later than the fair's applicable due-date noted above**. Budgets are reviewed in the order they are received. F&E suspends the processing of incomplete budget submittals (e.g., missing forms, inaccurate calculations, inadequate justifications, unrealistic projections, etc.) until it has received all appropriate information or documentation.

Base Allocations

The first portion of the base allocations for approved budgets will be distributed as early as November 2008, depending on the budget submittal date, budget approval date and available cash flow. The balance of the funds will be distributed in installments prior to June 30, 2009.

Below is a summary of expected 2009 base allocation amounts for your reference:

Fair Classification	2009 Base Allocation
I	\$180,000
II	\$150,000
III	\$124,000
IV	\$105,000
V	\$20,000
VI-VII	\$0
Special Events	
Grand National Rodeo (1-A DAA)	\$140,000
Great Western Livestock Show (24 th DAA)	\$50,000
San Benito County Saddle Horse Show	\$50,000

Budget Pages to Submit

Fair organizations must submit the following budget pages *in the order listed*:
(For ease of processing, do not staple pages together; instead please use binder clip on completed package.)

Budget Forms (ALL FAIRS)

- ☐ Pages 1 to 11 With appropriate signatures
- ☐ Schedule 1-A Permanent Positions on roster for 2009 (filled, vacant, and proposed)
- ☐ Schedule 1-A2 Projected Employee Leave Balances
- ☐ Schedule 1-B Temporary Positions proposed for 2009
- ☐ Schedule 1-C Contracted Professional Services for 2009
- ☐ Schedule 2 Property, Plant and Equipment
- ☐ Schedule 3A Non-Fair Funds Reconciliations for Capitalized Projects
- ☐ Schedule 3B Reconciliation of Non-Fair Funds Used for Operating Purposes
- ☐ Exhibit 1 Budget Variance Explanation (with required signatures)

Fair organizations with Satellite Wagering:

- ☐ SW-1 Summary of Satellite Wagering
- ☐ SW-2 Satellite Wagering Labor Detail

Fair organizations with Motorized Racing (Fair promoted only):

- ☐ MR Summary of Motorized Racing
- ☐ MRL Motorized Racing Labor Detail

District Agricultural Associations (DAAs) only:

- ☐ Exhibit II Personnel action request for proposed new or

reclassified positions

Additional Required Reports (ALL FAIRS):

- ☐ Balance Sheet
- ☐ Income Statement
- ☐ Summary Trial Balance

Reporting of Prior-Year Actual & Budget Data

Included in your budget package are pages 1, 2, Schedule 1 and 7 from the fairs' 2007 Statement of Operations (STOP) that were accepted by F&E and pages 1, 2, and Schedule 2 from the fairs' 2008 approved budgets to assist with reporting prior-year actual financial data and the prior-year approved budget data.

The prior-year STOP and budget data should be transferred to columns 1 and column 2 of the budget proposal, respectively, without modification.

However, there are now alternatives for transferring prior year budget data to column 2 as follows:

- Additional reporting fairs – final approved budget by F&E should be utilized, which includes any F&E approved budget augmentations during the year.
- Non-additional reporting fairs – final approved budget by F&E should be utilized unless fair board approved budget augmentations during the year. In the latter case, the fair may utilize the latest approved board augmented budget.
- Beginning balance for prior year budget – in the past, the template included a formula that linked the prior year actual ending balance from Column 1 to the beginning balance for the prior year budget in column 2. Now, this formula has been omitted to avoid confusion. For the beginning balance, fairs have the option to utilize the prior year actual ending balance from column 1, or the original beginning balance as approved by F&E or board of directors as appropriate.

Following the above instructions will significantly reduce F&E's processing and turnaround time. Therefore, it is to the Fair's advantage to ensure this task is achieved.

Procedure for Page 1

Governmental Accounting Standards Board (GASB) Statement No. 34 requires all public agencies to segregate restricted versus unrestricted net resources as well as investment in capital assets when preparing financial reports. Page 1 of the budget allows the breakdown of beginning and ending resources into these three categories. The introduction of Schedule 2, Property, Plant and Equipment, facilitates this breakdown by carrying forward the amount invested in capital assets. Formulas are built into page 1 that will automatically calculate available resources. Restricted resources must be manually entered in the appropriate cell.

2007 Audit for Non-DAAs

Non-DAA fair organizations not audited by Department of Food and Agriculture must submit a copy of their 2007 audit with the budget submittal. The audit must be conducted by the host county/agency or by a certified public accountant and must meet the host county/agency's requirements.

BUDGET SCHEDULES AND EXHIBIT I

The following schedules and exhibit are part of the complete budget packet. Bullets detail some reminders or items to consider when preparing the forms.

Schedule 1-A, Permanent Positions

- DAAs are to use the exact civil service class title (county & non-profit fair associations may use the position working title).
- Provide all details requested.
- Include all approved filled or vacant positions and any proposed new positions.
- List vacant positions *not being filled*, noted as "vacant," and showing no dollar amount.
- Reflect appropriate salary rates, including anticipated increases/cost of living adjustments (COLAs).
- Show overtime to be paid, in lieu of compensating time off (CTO), as a lump sum line item for each applicable account.
- Support proposed new or reclassified positions on Exhibit II, Personnel Action Request. (DAAs only)

Schedule 1-A2, Employee Leave Balance

Fairs are required to budget annually for the projected year-end adjustment to their liability for vacation, annual leave, holiday credits, Personal Leave Program (PLP), and compensated time off (CTO) for all eligible fair staff. In the past, F&E has directed Fairs to utilize Accounts 24500, Compensated Absence Liability, and 80000, Prior Year Expense Adjustment, when posting the year-end adjustment. Fairs will now post the adjustment to Account 50300, Compensated Leave Expense in lieu of Account 80000. As a reminder, this adjustment may be a debit or credit entry to Account 50300 depending on whether your total liability at year-end is increasing or decreasing, respectively.

Complete Schedule 1-A2 in the following manner:

- List all permanent and seasonal positions.
- Under the columns "Estimated 2008" indicate the estimated 12/31/08 leave balances and hourly pay rate for each position.
- Under the columns "Projected 2009" indicate the projected 12/31/09 leave balances and hourly pay rate for each position.
- The projected 2009 year-end adjustment will be the difference between the end-of-year 2008 liability and the end-of-year 2009 liability. This total will be reported and carried on to account 50300, Compensated Absences Expense on page 6.

NOTE: Some non-DAA fairs may be required to accrue sick leave in addition to the aforementioned liability. Refer to your county or non-profit entity requirements, where applicable.

Schedule 1-B, Temporary Positions

- Include all non-permanent employees and budgeted amounts for any account where temporary wages are allocated.
- ***Include non-testing seasonal positions (civil service 194-day actual time worked [ATW] appointments).***
- Include overtime at time and one-half if fair no longer meets criteria for FLSA exemption. Otherwise, overtime should be budgeted at straight-time.
- Provide all detail requested on form.

NOTE: The amounts shown for each account on the schedule(s) must agree with the amounts included in the respective accounts, budget pages 6 through 9.

Schedule 1-C, Contracted Services

- Include all contracted professional services and budgeted amounts for any account where professional services are allocated.
- Provide all detail requested on form.

NOTE: The amounts shown for each account on the schedule(s) must agree with the amounts included in the respective accounts, budget pages 6 through 9.

Schedule 2, Property, Plant and Equipment

Governmental Accounting Standards Board (GASB) Statement No. 34 requires all public agencies to report the value of their fixed assets (property, plant and equipment) in their financial reports using the full accrual basis of accounting. Under this method, expenditures for capital outlays are reported as assets and depreciation is reported as an expense over the estimated useful life of the asset. Beginning January 2004, all fairs were required to begin depreciating their fixed assets. Therefore, fairs must budget for the estimated depreciation expense for 2009 using account 90000, Depreciation Expense.

Last year, a new line item "Less Accumulated Depreciation Disposition of Fixed Assets," was inserted after Accumulated Depreciation, January 1. The purpose of the modification was to reflect the reduction in accumulated depreciation as a result of any capitalized asset disposition.

Schedule 2 is designed to help fairs plan property acquisition and disposition and, using this data, projects their year-end investment in capital assets. This projection is then carried forward to the ending resources on page 1.

Complete Schedule 2 in the following manner:

- Beginning Property, Plant and Equipment (PP&E) is the total amount of accounts 19000, Construction in Progress; 19100, Land; 19200, Buildings and Improvements; and 19300, Equipment. Do not subtract accumulated depreciation or long-term debt

associated with capital assets as these amounts will be deducted later. This number should match PP&E before depreciation, December 31 from fair's 2007 STOP accepted by F&E. Enter this amount in the estimated 2008 column.

- Under Acquisitions of Fixed Assets, list any purchases or projects completed or planned for completion in 2008. Obtain California Construction Authority (CCA) Project Close-out Report when necessary.
- Under Disposition of Fixed Assets, list any assets disposed of in 2008. Disposal of an asset includes sale, theft, loss, or salvage. This would include demolition of an existing structure.
- Under Accumulated Depreciation, January 1, list your January 1, 2008 beginning total for accounts 19210, Accumulated Depreciation-Buildings and Improvements; and 19310, Accumulated Depreciation-Equipment. This number should match Accumulated Depreciation, December 31 from fair's 2007 STOP accepted by F&E.
- Under Annual Depreciation Expense, enter the estimated 2008 depreciation amount.
- The Accumulated Depreciation, December 31, ending amount will automatically carry to the January 1, 2009 beginning Accumulated Depreciation cell.
- Under Long-Term Debt, enter the estimated year-end amount of all long-term debt associated with PP&E.
- Repeat this process to complete the Proposed 2009 column. Note that Beginning PP&E and Accumulated Depreciation will be automatically carried from the Estimated 2008 column.

When budgeting for newly proposed capital projects for your fairgrounds, we strongly encourage you to include priority items identified in your Americans with Disabilities Act (ADA) transition plan.

Special Instructions for County-Owned Fair Organizations

For those fairs that are true county entities, reporting of planned property, plant and equipment acquisitions are limited to those assets to be funded by F&E. County funded assets will continue to be accounted for by the County and are not required to be disclosed in your budget proposal or annual statement of operations submitted to F&E. Separate accounting for F&E funded assets is needed to comply with asset disposition requirements should a county-owned fair dissolve in the future.

Government Code 25902 states:

If any real property which was acquired or used for fair purposes and which was purchased or improved in whole or in part from funds apportioned or allocated to the county for fair purposes by the state is sold by any county, there shall be paid into the Fair and Exposition Fund in the State Treasury from the proceeds of the sale an amount equal to that proportion of the cost of the real property and improvements which was paid for out of funds apportioned or allocated by the state for fair purposes, less a reasonable allowance for depreciation in value in an amount approved by the Department of Agriculture.

Non-profit fairs that reside on County property and contract with the County for operation of the fair should continue to fully report all of its assets as usual (e.g., lease hold improvements, etc.). Government Code 25902 will also apply to non-profit fairs

residing on County-owned property. In this case, total fixed assets will most likely be used as the basis for implementation of Government Code 25902 requirements.

Schedule 3A, Non-Fair Funds Reconciliation for Capitalized Projects

Please enter all projected non-fair funding anticipated in 2009 to "Capital Project Reimbursements," account 31900, on this schedule. Separate them out into the appropriate categories as listed on the form.

Enter the corresponding capital investment in the appropriate section of the form. If the fair plans to process project funds through its own books (i.e., if the fair pays the vendors directly), enter this information under "Resources Applied (Run through Fair's Accounting System)." If the capital expenditures are expected to be paid directly by outside sources (i.e., CCA), enter this information under "Resources Applied (Paid directly by CCA)." Do not include fair funded expenditures.

"Resources appropriated in prior year" (top of schedule) should be used to reflect resources acquired in a prior year that were previously recorded as deferred revenue, but is now being recognized as revenue in the current year. Deferred revenue is recorded when a fair receives resources in one year, but does not expect to expend the funds on a capital project until a subsequent year. The recognition of the revenue takes place when such funds are ultimately spent on the capital project for which the funds were designated.

Schedule 3B, Reconciliation of Non-Fair Funds Used for Operating Purposes

This schedule summarizes projected non-operating funds anticipated in 2009 earmarked for operating activities that are not related to capital projects (e.g. flex capital funds, non-governmental operating grants, etc.). Do not include fair funded expenses.

Account 94500, Other Operating Expense, shall be used to record fair operating expenses funded from F&E funds. **Fairs should not record such expenditures to their standard operating expense accounts. Posting these expenditures to the fair operating expenses is no longer recommended.** Utilizing Account 94500 to capture all operating expenses funded from non-fair sources will allow the fair and F&E to separately identify non-fair funds received by the Fair.

Exhibit 1, Budget Variance Explanation

Budgetary comparisons are a requirement for budget submittals. This includes a comparison of (a) 2008 budget to 2008 estimated results of operations and (b) 2008 estimated results of operations to 2009 proposed budget. As previously mentioned in F&E's Budget Philosophy section, significant budget variances should have reasonable explanations. Significant variances that are not explained may require additional information for final budget approval.

- Report form is prepared in Word table format.
- Variances are automatically calculated on page 11 of the budget.
- All variances of +/- \$10,000 **and** 10% or greater must be explained. The purpose of utilizing both the dollar and percentage variances is to avoid requiring explanations for variances that may be significant in dollar amount, but immaterial as a percentage change and vice versa.
- For variances less than the above criteria, please note in the explanations "No significant change."
- ***CEO and board president must sign form.***

SATELLITE WAGERING

F&E requires fairs that operate satellite wagering facilities to budget funds for the exclusive purpose of maintaining the satellite wagering facilities at high comfort and aesthetic standards. F&E recommends, at the minimum, an amount equal to the fair's previous annual contribution to CARF's equipment replacement fund.

Satellite Wagering (SW-1) & Labor Detail (SW-2)

- Provide all detail requested on form.
- Include an amount for equipment replacement or sinking fund in account 65405.

MOTORIZED RACING

Fairs that produce motorized racing events are required to complete and submit details of revenues and expenses, and a listing of related labor costs.

Motorized Racing (MR) & Labor Detail (MRL)

- Provide all detail requested on forms.

BUDGET PREPARATION WORKSHEETS

Worksheets designed to aid you in the preparation of your budget are available via download at www.cdfa.ca.gov/fe. They are being provided for the fair's use only. ***Please DO NOT submit the following with the budget.***

- **Accrued Revenue & Expense (W-R&E)**
- **Junior Livestock Auction (W-JLA)**
- **Fair Labor Standards Act (W-FLSA)**
- **Employee Benefits and Payroll Taxes (W-EB)**

ADDITIONAL CONSIDERATIONS

Employee Benefits, Employer's Portion (subject to change)

- Social security (OASDI) is calculated at 6.2%; it affects schedule 1-A employees and temporary employees who exceed 1000 hours in a fiscal year (July through June). (For more specific information, contact your Human Resources analyst.)
- Medicare or hospital insurance (HI) applies to **all** employees and is computed at 1.45%.
- Part-time, Seasonal, Temporary (PST) calculated at the rate of \$4.45 per employee, per month and applies to schedule 1-B employees who work less than 1000 hours in a fiscal year (July through June).
- Health insurance premiums should be projected at a 3% to 10% increase from estimated 2008. For more specific detail, check with provider.
- Retirement contributions are calculated at applicable rates for the specific tier. *Fair organizations should adjust these rates to the most recent quote from PERS.*
- Other benefits, i.e., dental, vision, long term disability (LTD), etc. should be calculated at the rates specified by the provider; if processed through California Fairs Services Authority (CFSA), a \$2.00/employee/month/benefit administration fee is assessed in addition to the premiums.

Insurance Costs

- General Liability..... Contact CFSA for current rates
- Workers Compensation (applies to all employees and volunteers) Contact CFSA for current rates
- Unemployment Insurance (UI)
 - Employer's costs * Class I-II 0% of total projected UI cost
 - Class III-IV 40% of total projected UI cost
 - Class V-VII 75% of total projected UI cost

* Effective July 1, 2008. UI rates are subject to change pending availability of funds.

Minimum Wage

The current state minimum wage is \$8.00 an hour.

Flex Capital *Updated*

While the Joint Committee on Fairs Allocation and Classification has not yet approved the 2008/2009 Expenditure Plan, we recommend that fairs budget for Flex Capital allocations as follows:

Class I – IV: \$25,000 base amount; \$5,000 maximum bonus incentive for acceptable performance ratings as follows:

- Fairs with “A” ratings will receive the base amount and full \$5,000 bonus incentive (\$30,000 total).
- Fairs with “B” ratings will receive the base amount and \$2,500 bonus incentive (\$27,500 total).
- Fairs with “C” ratings will not receive any portion of the \$30,000 combined flex capital allocation.

Class V-VII: None

Fairs with limited facilities (48th and 51st DAA): \$15,000 base amount; \$5,000 bonus incentive for “A” rating and \$2,500 bonus incentive for “B” rating.

Fair with no facilities (52nd DAA): \$5,000 base amount; \$5,000 bonus incentive for “A” rating and \$2,500 bonus incentive for “B” rating.

Note that an overall decrease in license fee revenue levels has forced F&E to decrease the base amount for Flex Capital from \$28,000 last year to \$25,000 in 2009.

In addition, due to the uncertainty of funding levels in 2009, **F&E recommends that that fairs do not budget for Flex Capital funding in 2009.** While we are cautiously optimistic that Flex Capital funding allocations will be made in 2009, the funding level uncertainty is forcing F&E to recommend a very conservative budgeting approach for Flex Capital in 2009. With this in mind, **F&E requests that fairs show a “break even” profit margin at the minimum in 2009 before depreciation, but excluding the fairs’ expected Flex Capital funding allocation.**

Based on feedback received by the California Fair Alliance Board, there will be no spending restrictions on flex capital funding in 2009.

More details on flex capital distributions will be communicated by F&E in the near future.

Property Insurance *NEW*

Due to the increasing costs of excess insurance coverage from the commercial market and unusually high losses in the past several years, F&E is modifying its funding methodology for property insurance in 2008/2009.

While a fixed contribution to the property pool will continue to be allocated annually, participating fairs will now be required to cover its fair share of the costs beginning in 2008/2009. This fair share will include premium payments based on the fairs’ individual property values and the fair’s chosen deductible level. F&E’s annual fixed contribution to the pool will be allocated towards the purchase of an excess insurance policy and fairs will share the cost of the difference between F&E’s contribution and the actual cost of the policy. Fairs will not be required to participate in F&E’s Property Protection Program. However, if a fair chooses this route, it will be required to show proof of insurance equal to the Property Protection Program coverage to CFSA for their review and approval. The revised program policy was discussed in detail with California Fairs who provided their input and support for the change in program direction.

Please contact CFSA for your fair's expected premium charges, which are required to be budgeted for in 2009.

ADDITIONAL NOTES

Review Meeting(s)

As a condition of funding approval, F&E may request to meet with the CEO and members of the board to discuss the financial condition of the fair organization.

Questions?

Please direct any questions regarding preparation of the annual budget submittal to:

Raman Bola
Accounting Analyst
Division of Fairs & Expositions
(916) 263-0348, (916) 263-2969 fax
E-mail: rbola@cdfa.ca.gov

**California Department of Food & Agriculture
Division of Fairs & Expositions**

2009 ANNUAL BUDGET

Budget Review Check Sheet

You can avoid some of the most common items that slow budget approval by double-checking the following:

- ☐ Do the Actual 2007 figures agree **exactly** with the 2007 Statement of Operations as submitted to Fairs & Expositions?
- ☐ Do Budget 2008 figures agree with the 2008 Budget approved by Fairs and Expositions, or Board of Directors (where applicable)? See page four of budget preparation guide for instructions and reporting options. With the exception of beginning resources, these figures must agree **exactly** with your 2008 approved budget.
- ☐ Does the beginning reserve for Estimated 2008 agree **exactly** with the ending reserve on the 2007 Statement of Operations as submitted to Fairs & Expositions?
- ☐ Does the beginning reserve for Proposed 2009 agree **exactly** with the ending reserve from the Estimated 2008 column?
- ☐ Are all pages, schedules, and exhibits complete and contain all required signatures?
- ☐ Did you remember to include the required additional reports (balance sheet, income statement, and summary trial balance)?

Division of Fairs & Expositions

2009 ANNUAL BUDGET CONTENTS CHECKLIST

Check list of the documents to be included with the 2009 Budget.

2009 Operating Budget:

- ☐ Pages 1-11 (Signatures required on page 1)
- ☐ Schedule 1-A, Permanent Positions
- ☐ Schedule 1-A2, Projected Employee Leave Balance
- ☐ Schedule 1-B, Temporary Positions
- ☐ Schedule 1-C, Contracted Professional Services
- ☐ Schedule 2, Property, Plant & Equipment
- ☐ Schedule 3A, Non-Fair Funds Reconciliation for Capitalized Projects
- ☐ Schedule 3B, Reconciliation of Non-Fair Funds Used for Operating purposes
- ☐ Exhibit 1, Budget Variances (Signatures required)

Reports:

- ☐ Balance Sheet (as of September 30 or October 31, 2008)*
- ☐ Income Statement (as of September 30 or October 31, 2008)*
- ☐ Summary Trial Balance (as of September 30 or October 31, 2008)*

* depending on due date

Fair organizations with Satellite Wagering Facilities:

- ☐ SW-1, Satellite Wagering detail
- ☐ SW-2, Satellite Wagering labor detail

Fair organizations with Fair-Operated Motorized Racing:

- ☐ MR, Motorized Racing detail
- ☐ MRL, Motorized Racing labor detail

DAAs proposing personnel changes, if any:

- ☐ Exhibit II, Personnel Action Request

Non-DAAs:

- ☐ Copy of 2007 audit

Required signatures must be included for the budget to be processed.